

## Message Text

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PAGE 01 STOCKH 01089 161552Z  
ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 INR-05 CIAE-00 NSAE-00 PM-03  
DODE-00 EB-04 SP-02 L-01 NEA-07 TRSE-00 ARA-10  
SAB-01 PA-01 OES-02 NSC-05 /064 W  
-----008252 161629Z /23

P R 161502Z MAR 78  
FM AMEMBASSY STOCKHOLM  
TO SECSTATE WASHDC PRIORITY 3312  
INFO AMEMBASSY NEW DELHI  
AMEMBASSY LONDON  
AMEMBASSY PARIS

C O N F I D E N T I A L STOCKHOLM 1089

LIMDIS

EUR/NE PASS AMBASSADOR KENNEDY-MINOTT

E.O. 11652: GDS  
TAGS: MASS, MMOL, ECON, SW, IN  
SUBJECT: SWEDISH CABINET MEMBERS ON BILATERAL MATTERS AND THE  
DOLLAR

REF: (A) STOCKHOLM 991, (B) STOCKHOLM 333

1. MARCH 16 FOR THE SECOND YEAR THE SWEDISH GOVERNMENT  
HAD A RECEPTION WHERE NEARLY ALL MEMBERS OF THE CABINET  
TURNED OUT TO MEET THE AMBASSADORS. THE CHARGE EXPRESSED  
TO PRIME MINISTER FALLDIN AMBASSADOR KENNEDY-MINOTT'S  
REGRET AT MISSING THE OCCASION BECAUSE HE HAD TO BE IN  
WASHINGTON ON CONSULTATIONS. IN CONVERSATIONS WITH  
SEVERAL CABINET MEMBERS AND OTHER GOS OFFICIALS, THE  
PRINCIPAL TOPIC WAS POSSIBLE SALE OF THE VIGGEN  
AIRCRAFT TO INDIA. TWO CABINET MEMBERS ALSO DISCUSSED  
THE CONDITION OF THE DOLLAR.

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2. IN PRIVATE CONVERSATIONS, BOTH DEFENSE MINISTER  
KRONMARK AND INDUSTRY MINISTER ASLING (AS WELL AS  
SEVERAL OTHER OFFICIALS) STRESSED THE POTENTIAL  
IMPORTANCE OF VIGGEN SALES TO INDIA (REF A). ASLING  
SAID THESE SALES WERE OF VITAL IMPORTANCE IN KEEPING  
THE SWEDISH AIRCRAFT INDUSTRY ALIVE, AND THIS IN  
TURN WAS OF GREAT SIGNIFICANCE FOR SWEDEN'S OVERALL

DEFENSE CAPABILITY. KRONMARK STRESSED THAT THE INDIANS WERE DETERMINED TO BUY ONE OF THE THREE COMPETING AIRCRAFT, SO THAT IF SWEDEN WON THE COMPETITION IT WAS CRUCIALLY IMPORTANT THAT THE USG APPROVE THE SALES: OTHERWISE THE BRITISH OR FRENCH WOULD MAKE THE SALE AND SWEDEN'S DEFENSE POTENTIAL WOULD BE SERIOUSLY HARMED. KRONMARK SAID THE CHIEF OF THE INDIAN AIR FORCE WAS TO COME TO SWEDEN NEXT WEEK TO FLY THE VIGGEN HIMSELF, AND THE INDIAN DECISION WOULD BE TAKEN MARCH 25. THE CHARGE SAID THAT THE AMBASSADOR WOULD BE DISCUSSING THIS SUBJECT IN WASHINGTON THIS WEEK, AND THAT WE AT THE EMBASSY VIEWED WITH SYMPATHY THE SWEDISH CONTENTION THAT IF ONE OF THE THREE PLANES WAS TO BE SOLD TO INDIA, THE USG SHOULD NOT HAMPER SWEDEN FROM COMPETING ON AN EQUAL BASIS. SOME OF THE POLITICAL PARTY FIGURES PRESENT WERE MORE OUTSPOKEN ABOUT THE POSSIBLE POLITICAL EFFECT OF A USG TURNDOWN, NOTING THAT THE OPPOSITION WOULD BE ABLE TO USE THIS (AND ITS PROBABLE ECONOMIC EFFECTS) TO GOOD ADVANTAGE. THE ECONOMIC TYPES STRESSED HOWEVER THAT IN SWEDEN'S PRESENT ECONOMIC SITUATION THE IMPORTANCE OF THIS SALE COULD HARDLY BE EXAGGERATED, AND US UNDERSTANDING OF THE SWEDISH SITUATION WAS IMMENSELY IMPORTANT TO SWEDEN AND IN US-SWEDISH RELATIONS.

3. ASLING RETURNED TO A THEME HE HAD TAKEN UP AT HIS LUNCH FOR THE AMBASSADOR ON JANUARY 25 (REF B),  
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CONCERN ABOUT THE DOLLAR. HE SAID HE WAS FULLY ON THE US SIDE IN ITS DIFFERENCES WITH THE FRG ABOUT HANDLING THE SITUATION, AND COULD NOT UNDERSTAND WHY THE FRG GOVERNMENT WAS NOT MORE RECEPTIVE TO US ARGUMENTS. HE ADDED THAT HE WAS STILL VERY CONCERNED ABOUT THE PRESENT PLIGHT OF THE DOLLAR, AND SWEDEN'S ECONOMIC INTERESTS WERE OF COURSE DIRECTLY AFFECTED. THE CHARGE SAID IT WAS OBVIOUS THAT USG AUTHORITIES WERE CLOSELY FOLLOWING THE SITUATION AND WERE DETERMINED TO KEEP IT IN HAND: EVERYONE HOPED THAT AFTER PASSAGE OF THE PRESIDENT'S ENERGY PROGRAM CONFIDENCE WOULD INCREASE. SPEAKING SHORTLY THEREAFTER TO FINANCE MINISTER BOHMAN, THE CHARGE MENTIONED ASLING'S COMMENTS AND ASKED BOHMAN'S VIEWS. BOHMAN SAID THE GOS DID NOT HAVE AN OFFICIAL VIEW, BUT THAT ASLING AS MINISTER FOR INDUSTRY WAS WORRIED PRIMARILY ABOUT SWEDISH LOSSES--ESPECIALLY IN THE PAPER/PULP INDUSTRY--BECAUSE OF THE DOLLAR'S DECLINE. BOHMAN WAS GUARDED IN HIS OWN COMMENTS, BUT SAID HE FOLLOWED SECRETARY BLUMENTHAL'S AND OTHER STATEMENTS WITH INTEREST AND HOPED VERY MUCH THAT PASSAGE OF THE ENERGY PROGRAM (OR A GOODLY PART OF IT) WOULD HAVE CONSIDERABLE EFFECT. THE CHARGE SAID HIS IMPRESSION WAS THAT PRIORITY WAS BEING GIVEN TO THE PANAMA CANAL

TREATIES RIGHT NOW, BUT AFTER THOSE WERE PASSED HE THOUGHT PASSAGE OF AS MUCH AS POSSIBLE OF THE ENERGY PROGRAM WOULD TAKE CENTER STAGE. THE CHARGE AND BOHMAN ALSO SPOKE OF THE HOPE THAT BOHMAN WOULD BE ABLE TO MEET PRIVATELY WITH BLUMENTHAL AT THE FORTH-COMING GROUP OF TEN MEETING IN MEXICO CITY.

4. FOREIGN MINISTER SODER CAME LATE TO THE RECEPTION BECAUSE OF THE FOREIGN POLICY DEBATE IN THE RIKSDAG (SEPTIL). SHE TOLD THE CHARGE THAT SHE FELT THE DEBATE HAD GONE VERY WELL IN THE SENSE THAT NO REAL CRITICISM WAS LEVIED AGAINST THE GOS BY THE OPPOSITION. SHE SAID THAT MR. PALME DID NOT OFFER ANY TELLING CRITICAL POINTS, AND THAT THE AGREEMENT ON GENERAL CONFIDENTIAL

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LINE OF FOREIGN POLICY WAS ENCOURAGING.  
PERRY

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NNN

## Message Attributes

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**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
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